



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 26, 2020

The Honorable James E. Clyburn
Chairman
Select Subcommittee on the Coronavirus Crisis
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

We write in response to your letter, dated June 18, 2020, to the Office of Management and Budget ("OMB"), Department of the Treasury ("Treasury"), and the Council of Economic Advisors ("CEA") regarding the Trump Administration's forthcoming FY 2021 Budget's Mid-Session Review ("MSR"). OMB is responding on behalf of the three recipients of the June 18 letter.

As your letter notes, 31 U.S.C. § 1106 requires that each MSR consist of information "advisable to provide Congress with complete and current information about the budget and current estimates of the functions, obligations, requirements, and financial condition of the United States Government." The Administration will soon release its Fiscal Year 2021 MSR, which will fully comply with this and all other applicable statutory and regulatory requirements.

As has been reported, the forthcoming MSR will not include each and every category of information included in prior MSRs. Nor is it required to do so. In light of the unprecedented economic volatility caused by the COVID-19 pandemic, the Administration determined that certain categories of information are not subject to reliable estimation at this time. It would be a disservice to policymakers and the public to calculate and release forecasts in which the Administration has little or no confidence.

To the extent that you have requested estimations or underlying data and deliberative materials concerning categories of information that are not included in the forthcoming MSR, such information has not been collected or calculated. In preparing the forthcoming MSR, the Administration determined early in its planning process which categories of information would be included in the MSR and did not undertake the necessary data collection and analyses processes for information that would not be included.

We would like to take this opportunity to briefly outline the annual process used to develop the MSR, which has largely been consistent across administrations. Typically, the process begins with meetings by an interagency working group with members from Treasury, CEA, and OMB. This working group is charged with developing the economic assumptions to be included in the next MSR. Once the economic assumptions are produced, OMB submits them to

the relevant agencies to develop updated estimates for thousands of budgetary accounts across the whole of government. OMB does not predict outlays and receipts for every year of the budget window. Rather, OMB collects detailed, account-level updates requiring input from hundreds of analysts across dozens of agencies. By design, that kind of bottom-up analysis takes significant time and effort—nearly two months between when economic assumptions are finalized and when the MSR is published in a typical year.

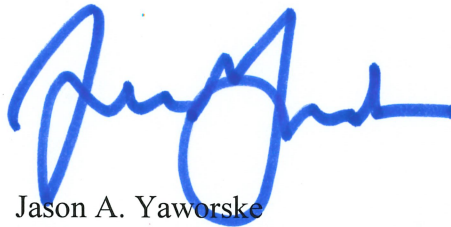
As you know, the law requires the MSR to be published no later than July 15. In order to meet that deadline, and given the lead time required for agencies to produce estimates, the Administration must start the process to develop economic assumptions by mid-April, and complete the process by late May. In a normal year, the economic assumptions are somewhat out-of-date by the time they are published in July, but still provide a useful update to the assumptions used to develop the Budget. This year, however, the Administration recognized that certain projections that have been included in prior MSRs, published on a two-month lag, would be virtually meaningless by the time of publication. The current pandemic is a rapidly-evolving situation that is unprecedented in modern history. As the May jobs report showed us, predictions of economic data can be out-of-date within weeks. Even private forecasters cannot reach any consensus about the near-term economic outlook. For example, the Blue Chip forecasts of economic growth over the next year vary significantly—the variance between low and high forecasts is five times larger than usual, and more than twice as high as the variability during the Great Recession.

That said, the Administration has been and will remain fully transparent about the economic effects of the COVID-19 crisis, and will continue to release information to the public on a nearly real-time basis. Since the crisis began, the Department of Labor has released detailed weekly data on unemployment insurance, and detailed monthly data on employment, unemployment, and unemployment rates. The Department of Commerce releases GDP estimates and re-estimates quarterly, and there have been monthly data releases related to industrial production, consumer spending, wages, prices, interest rates, and credit. Furthermore, the economic situation is discussed routinely by Administration officials and the President himself.

Your letter further requests certain analyses that have not been included in prior MSRs, including the economic effects of enhanced unemployment benefits provided in the CARES Act and the effects of eviction moratoriums, government-wide forecasts of the vacancy rate for rental housing, outstanding consumer credit, and all projections by industry or sector of the unemployment rate, employee compensation, or wages and salaries. These assessments have not previously been included in MSRs and the Administration has not assembled such information. We note, however, Congress' own CBO has produced a report, dated June 4, 2020, regarding the economic effects of extending the CARES Act's unemployment benefit provisions. Further, the CBO released a score of the House-passed HEROES Act, which estimates the impact of, among other policies, continuing the enhanced unemployment benefits and eviction moratorium. On June 16, the CBO released a consolidated estimate of the budgetary effects of coronavirus legislation, including both of these policies.

Thank you for interest in the MSR and the MSR process. If you or your staff have any further questions, please contact the OMB Office of Legislative Affairs at OMBLegislativeAffairs@omb.eop.gov.

Sincerely,



Jason A. Yaworske
Associate Director for Legislative Affairs

cc: The Honorable Steve Scalise, Ranking Member, House Select Subcommittee on the
Coronavirus Crisis
The Honorable Steven Mnuchin, Secretary, U.S. Department of the Treasury
The Honorable Tomas Philipson, Acting Chairman, Council of Economic Advisers